DCI BRIEFING

Sanctions Against South Africa

1. African demands at the current session of the UN General Assembly for action to end South Africa's mandate over South-West Africa are becoming increasingly shrill. Moreover, the Africans are insisting that any UN decision be accompanied by some means of enforcement. The arms embargo against South Africa, instituted in 1963 and supported by the United States and the United Kingdom, has not prevented the South Africans from getting needed military equipment from France, West Germany, Belgium, Switzerland, and Italy. At this stage political and economic sanctions are being sought.

2. Last June the Intelligence Community examined the sanctions question when it was expected that the International Court of Justice would rule against the Republic in the case brought before it by Ethiopia and Liberia. In effect the Court decided not to decide and the African's moved the issue to the UN where an ICJ decision would have gone for enforcement in any event. Briefly SNIE 70-66, with the Department of State taking four footnotes, divided the problem into three levels of likelihood and made judgments on each. These three elements can be briefly stated as follows:

a. It is highly unlikely that a meaningful program of economic sanctions against South Africa could get off the ground in the UN.

b. Even if such a program did get underway it is highly unlikely that it would be effective in economic impact.

c. Even if it were economically effective, it is highly unlikely that it would have the desired political results.

I would like to mention some aspects of these three points but to direct most of my briefing to the second element -- the economic impact.

3. There are numerous reasons why a meaningful economic sanctions program is unlikely. Not all UN members view the problem in the same political light. France, for example, has largely dissociated itself from the issue and even refused to take its seat on the so-called Committee of Twenty-Four which has been studying the problem since 1964. There are also countries who question the legality of the General Assembly or for that matter, of the Security Council taking action on the Mandate question. The issue is fuzzy at best, Perhaps most important, for the UK at least, is the question of economics -- of the cost of a truly effective sanctions program. Moreover, the UK's reluctance to confront South Africa over the Rhodesia issue, particularly on the oil embargo, clearly demonstrates Whitehall's awareness of the costs of even a minor confrontation with the Republic.

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5. US commercial ties to South Africa are also important, though not crucial. US exports in 1965 were nearly $440 million and US net earnings on current account from South Africa exceeded $310 million. The US imports substantial quantities of strategic and other minerals, e.g. platinum. US security interests include tracking stations, access to airfields, and fueling facilities for US ships.

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9. South Africa has a high degree of economic independence because of the abundance and variety of its natural resources and the efforts of a succession of autarkic minded governments. Except for bauxite and oil the country has all the important minerals required by a modern economy. Moreover, its reasonably good agricultural land could support a population several times its present size. Much of its industry is remarkably independent of foreign sources for raw materials. Heavy industry can now manufacture 50% of capital equipment needs and probably all requirements if the economy's high level of growth were curtailed. All essential consumer goods or acceptable substitutes can be produced locally. Domestic food production is more than sufficient. Existing stocks of clothing and a large clothing industry are adequate to prevent any serious shortages, although some portions of the country's textile industry itself would feel the impact of an embargo quite sharply.

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10. Progress towards self-sufficiency has been rapid in recent years. There are now motor-vehicle factories, basic chemical plants, a synthetic rubber plant and a military hardware industry capable of producing or assembling such sophisticated items as aircraft, armored cars, and even some small tactical missiles. Larger cotton crops and new synthetic fiber plants will soon reduce the need to import fibers. The iron and steel industry can supply all of the country's needs and, though it lacks bauxite, South Africa's aluminum requirements are so small that several years' supply can be stocked with little difficulty.

11. Dependence on oil imports is the country's only significant weakness, but this vulnerability is more apparent than real. South Africa can now stock at least a year's supply of crude oil and when its current, crash tank-building program is completed in the Spring of 1967, stocks could reach a two year supply or more under rationing. Moreover, South Africa has a synthetic POL plant which meets about 7% of the country's crude oil needs from domestically available coal. South Africa is also acquiring a tanker fleet of its own. There is a good chance that crude oil will be discovered on South African territory or in offshore areas as the government continues with its exploration program.

12. Unemployment caused by a sudden cessation of trade would cause almost insurmountable problems in most countries, but in South Africa the effect would be considerably less. The Republic's labor force is composed of more than 3.5 million Bantu, a half million coloreds and Asiatics, an estimated half million black

migrants from other African countries -- of which roughly half come from Lesotho -- and only about a million whites. More than half the labor force works in agriculture and in government and these groups probably would not be seriously affected. Mining would be the hardest hit, since more than 90% of the product of the mining industry is exported. Presumably, though not necessarily, mineral production would stop if trade were halted, and most of the workers would lose their jobs. However, more than 90% of the miners are migrants from Bantu reserves and from neighboring African countries. Pretoria would no doubt ship them back to their homes eventually. This could mean the movement of up to 400,000 workers and their families, over a third of Lesotho's population, back to Lesotho (Basutoland) where without relatively massive foreign assistance they would certainly starve. And since Lesotho is surrounded by South Africa this foreign aid could not reach them except through the Republic. To a lesser degree the same is true for Botswana labor -- some 35,000 Botswana work in South Africa -- compared with the non-agricultural Botswana labor force of less than 14,000. South Africa would, of course, have to provide for its own Bantu who would be forced back to the reserves.

13. Other sectors of the economy might experience some unemployment but here too, a large portion of the labor force is made up of black Africans who could be handled quite easily by the police backed up by the military. The white labor force would hardly be disturbed.